Notice: The answers to these questions are not modifications to any document connected with the IEI. They are solely interpretations and explanations. As such, in the case of any conflict between the answers given here and the final IEI documents, the terms of the IEI documents shall control. In some instances, FMS has indicated that a modification to an IEI document will follow. Such modifications shall be made and posted to the web site.

Page/Reference

Q1. Can DFAs be signed after the successful completion of the On-Site Security Reviews?

16 Section 3.4.5

A. No. However, FMS will be amending the IEI and the DFA to clarify that all required security requirements (physical, personnel, and information technology) must be met within 30 days prior to the beginning of any actual lockbox processing operations, instead of within 30 days of signing the DFA as currently indicated in IEI Sections 1, 3.4.5, 5, 6, 10 and Attachment G, General Lockbox Network Security Certification Statement for Financial Agents. This Amendment is consistent with the requirement that DFAs must be executed before security reviews. Designation as a QLP is contingent upon successful completion of the security review. See IEI, 3.3. Also see answer to Response Question #3 for information on consequences of failure to meet all security requirements.

Q2. Must the FI meet the security requirements within 30 days of signing 16 the DFA?

Section 3.4.5

A. See Answer to Number 1, above.

Q3. Will the successful QLPs be allowed to visit the existing lockbox operations of the transitioning FA during the preparatory activities should Section 4.2 a lockbox collection be reassigned?

20

A. Current GLN providers are required to provide transition services. FMS will coordinate any required transition services between the current and newly designated GLN provider to ensure proper continuity of operations. The specific transition services will be determined on a caseby-case basis.

O4. Is it possible to obtain the performance measurements in advance so that the QLP will know what they are expected to measure and at what level?

20 - 21 Section 4.3

A. As stated in IEI, Sec 4.3, prior to the commencement of lockbox processing under the new agreement, FMS will provide selected OLPs with the performance measures that they will be required to meet. Minimum quality performance standards are included in Section 4.3.

Q5. Please provide examples employing workload-tracking requirements described in this section. A. Upon request, a bank should, among other things, be able to provide information on volumes as it relates to the lockbox operations process, i.e how many checks have been processed during the day, how many are in the queue for data entry, how many items in total has the bank processed in any particular day, etc.	Section 4.3
Q6. For Performance Measures, what is meant by a quarterly review? A. As stated in IEI, Sec 4.3, prior to the commencement of lockbox processing under the new agreement, FMS will provide selected QLPs with the performance measures that they will be required to meet. The QLP must report to FMS quarterly as specified in IEI, Section 4.3. FMS will review the information provided, in conjunction with agency information, to assess and evaluate the QLP's performance.	21 Section 4.3
Q7. Please provide a sample report format for the quarterly review that i required. A. As stated in IEI, Sec 4.3, prior to the commencement of lockbox processing under the new agreement, FMS will provide selected QLPs with the performance measures that they will be required to meet. At this time, FMS does not have a standard format for submitting the performance standards information. If necessary, this may be addressed at a later time.	Section 4.3
Q8. What is the retention period currently provided by existing QLPs? A. As noted in IEI, Sec 4.4.1a (pg 34), check images for non-PCC items must be retained for 6 years and 7 months. However, QLPs may be required to retain check copies and/or images for an indefinite time, as directed by FMS, due to litigation court-mandated retention requirements (see IEI, Sec 4.9.5).	34 Section 4.3
Q9. What does 'first pass' mean? Will a QLP be permitted to pick up the mail at the USPS as it becomes available? A. "First pass" means the initial pick-up of the day. QLPs will make initial and ongoing mail pick-ups at USPS facilities in accordance with Agency timing and frequency requirements.	22 Section 4.4.1
Q10. 90% of the mail received is to be processed the same day, under mail processing article #1, the requirement is that all mail must be processed to ensure same day ledger credit. Does this mean that the QLP is required to process 90% of the mail the day it is received and same day ledger credit is required on 100% of that 90% of received mail?	21-22 Section 4.4.1

A. Yes.	
Q11. Some Federal agencies for which general lockbox services are currently being provided require other than FIFO processing. Are we correct in assuming that agency-specific SOWs could adjust these processing requirements? A. Yes.	Page 22 Section 4.4.1
Q12. Is the candling process a requirement? If so, is it required on all lockbox types (wholesale, specialized wholesale and retail)? A. Candling requirements may vary in accordance with Agency requirements. However, all QLPs must be able to provide candling services for each type of lockbox services required.	22 Section 4.4.1
Q13. Rather than affixing a physical stamp or sticker for missing signature, would FMS be willing to explore the use of creating specific batches for this work? A. As stated in IEI, Sec 4.4.1(13d), QLPs will affix an "Arrange to Be Honored" sticker or a stamp impression requesting the drawer FI to contact drawer for authority to pay and continue processing. If permitted according to an individual agency SOW, a QLP may reject some checks without signatures for consumer checks. FMS may permit creating specific batches for this type work, if requested by a Federal agency.	24 Section 4.4.1
Q14. Is the review for restrictive endorsements required in retail? A. Review for restrictive endorsements may be required as per the SOW for any type of cashflow.	24 Section 4.4.1
Q15establish a dollar value for unprocessable items and correspondence. How is a dollar value determined? A. Dollar value for unprocessable items is determined by the amount of the payment enclosed. If there is no payment enclosed the dollar value is zero.	23 Section 4.4.1
Q16. Please provide the PCC specifications reference on page 28, check processing. A. The IEI will be amended to replace Section 4.4.1.a.1 of Technical Requirements with a more complete set of requirements for PCC processing and an updated Standard Operating Procedures. In addition, FMS is posting on the rebid web site a document entitled "SPECIFICATIONS - PAPER CHECK CONVERSION LOCKBOX PROCESSING" DOCUMENT (www.fms.treas.gov/rebids/lockbox/index/html)	Section 4.4.1

Q17. The IEI states that mail pickup schedules should collect 90% of the day's mail in time to complete for same-day deposit. Can you please define "the day"? What do you consider the 24-hour day cycle (e.g., 6 am – 6 am)? A. The 24-hour processing cycle is based on the daily cut-off time to accommodate data flow to an agency. Daily cut-off times are generally between 2 pm and 4 pm. QLPs should schedule pick-up times so a minimum of 90% of the daily mail is collected.	21 Section 4.4.1
Q18. Mail Processing #9: States that for remittances not containing a check, we are to mark each envelope with an "ID Number". What sort of ID Number are you envisioning? A. The ID Number should be lockbox specific and sequentially identified within a batch.	23 Section 4.4.1
Q19. Page 21 refers to providing a mail pickup schedule that accommodates a 90% same day processing rate. Page 22 suggests 100% processing rate. Please define same day processing. A. QLPs must collect at least 90% of the day's mail in a 24-hour cycle and must process 100% of mail collected by the cut-off time.	21, 22 Section 4.4.1
Q20. Is the use of P.O. Box identifier as a segregation technique acceptable as a method to segregate agency payments from other bank customers? A. A unique P.O. Box identifier meets the requirement in 4.4.1 to separate one piece of mail from another to expedite delivery. Note, however, it does not meet the needs of separating government processing from other bank customer processing for security purposes under section 4.10 of the IEI.	Section 4.4.1
Q21. Please provide an example of the type of stamping that would be required by an agency as a part of the SOW. A. The Department of State sample SOW, provided to all potential bidders, includes an example of stamping requirements.	24 Section 4.4.1
Q22. Is it correct to assume that commercial checks that are missing signatures should be processed while consumer checks missing signatures can be processed on a best effort basis? A. When a corporate or individual check is received at the lockbox without a maker's signature, the QLP should affix an "Arranged to be Honored" stamp and process the item. However, individual SOWs may describe different requirements as noted in the IEI, Sec 4.4.1(13d) (according to an individual SOW, a QLP may reject any checks with missing signatures for consumer checks.) See also answer to Q13 above.	24 Section 4.4.1

Q23. Will all payment types be required to be posted on the same day of the receipt? What will be the payment remittance requirements of the customer in order to ensure same day posting?

Section 4.4.1

A. All payments received must be posted on the same day of receipt. There is no general remittance requirement on the remitter of the funds to facilitate same day posting. For example, a single check received without a coupon, but with the needed information written on the memo line, must be posted the same day as a check received with a coupon.

Q24. Please provide a sample SOW defining express mail, certified mail, 21 - 22 and registered mail guidelines.

Section 4.4.1

A. Specific agency SOWs are not yet available. Individual agency requirements will be identified in Phase II.

O25. Please provide clarification on what is meant by "lockbox extraction processes shall not be co-mingled with non-government extraction processes in the same space". Is the expectation that a separate work area and equipment be utilized for government and non-government work?

21 Section 4.4.1

A. The expectation and requirement is that the extraction and processing of all government mail shall be done in a dedicated room (separate and apart from non-government/commercial mail) that meets the following minimum physical security standards:

- · card reader on doors to track access
- · surveillance camera coverage (interior and exterior)
- · IDS (motion detectors, door alarms)
- · sensor to trigger room lights once motion is detected

Extraction equipment necessary to adequately extract the volume of government mail must be in the dedicated room for government mail extraction. All government mail, to include government mail received via express mail, registered mail, certified mail, and FEDEX shall be segregated from non-government mail in the dedicated government mail extraction room. See IEI, Sec 4.10.2 See also, answer to General Question #22.

Q26. If the lockbox facility meets all government requirements, why wouldn't the QLP be able to process non-government work in the same space?

22 Section 4.4.1

A. Due to the vulnerabilities associated with the extraction and processing of government remittances, and the government's concern that the appropriate security measures be used to mitigate theft and compromise during this process, such processing shall not be co-mingled with any non-government work. See IEI, Sec 4.4.1 (Pg 22) See also answer to Q25 above.

Q27. Could the optional candling service apply to all three lockbox types? A. Yes, optional candling requirements may apply to all three lockbox types. See answer to Q12 above.	22 - 23 Section 4.4.1
Q28. Candling of envelopes may be requested by an agency and shall be performed during extraction at the opening station. The automated mail opening extraction equipment for items that are machine opened performs a candling function. What is the expectation for candling mail that cannot be processed on automated extraction equipment such as flats, damaged mail, express envelopes, etc.?	22 - 23 Section 4.4.1
A. Any number of candling methods are acceptable provided that the requirements are met. See answer to Q12 above.	
Q29. Will candling be considered as an ancillary service? A. The designation of a service or services as basic, standard or ancillary will be determined between FMS and the Federal agency involved. Such determination will not impact pricing by QLPs. See also, answer to Pricing Question #7.	22 - 23 Section 4.4.1
Q30. Items found in candling that cannot be re-associated with the original mailing are sent to the agency within one day of discovery. Could the QLP process these payments since it would expedite the collection of the item and the receipt of data to the agency? A. This will be an agency option.	22 - 23 Section 4.4.1
Q31. Can an approved vendor perform the candling function outside of the lockbox area? Can it be done off site? A. No, candling must be performed in the designated government secured lockbox area. An approved vendor may be permitted to perform this function within the designated area in accordance with the standards of IEI, Sec 4.8.	22 - 23 Section 4.4.1
Q32. A daily-itemized log of checks and documents found in the final candling shall be maintained for one year. A copy of this log shall be sent to the agency on a monthly basis. What value does this requirement bring to the Agency? A. The agency is able to demonstrate due diligence in meeting its audit standards.	
Q33. Date-stamp all unprocessable items and correspondence upon receipt, assemble per agency instructions, and forward to the agency within one business day. Can the date provided on the internal Reject Header or Correspondence Header be sufficient to meet this requirement? If not, define where the unprocessed items should be date stamped.	23 Section 4.4.1
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A. FMS will defer to the Federal agency to provide instructions on this issue. 23 Q34. Establish a count control of all unprocessable items and correspondence. Establish a dollar value for auditing purposes, agency Section 4.4.1 by agency where possible or as stated in the SOW. More clarification is needed on the requirement. Is there a requirement that a report be provided to account for the items and dollars of non-processable items? If so, what is the format? A. The count control format that each QLP uses to identify all unprocessable items and correspondence required by section 4.4.1, Mail Processing #8, is not specified. However, any format utilized by a QLP must meet the requirements of that section. 23 O35. Establishing a count control on correspondence. Please provide a definition on how to establish a dollar value to this process. Please Section 4.4.1 provide an example. A. See answer to Q15. Q36. At a minimum, this will include marking the envelope with a "C" 23 (for cash) and an ID Number and forward the items to the agency. Is the Section 4.4.1 "C" really meant to reference correspondence, i.e. no payment included in the envelope? This requirement implies that cash would be forwarded to the agency. Forwarding cash to an Agency is not recommended nor is it done in today's environment. What is the ID Number referenced in this case? A. Yes, this was intended to reference correspondence. The IEI will be amended to make this correction. Regarding the ID Number, see the answer to Question 18. Q37. How does FMS envision the QLP providing remittance data/detail 23 with remittances paid by treasury checks? Or is FMS only requesting to Section 4.4.1 "clear" treasury checks in this manner and the OLP perform standard lockbox processing and providing electronic data to the agency. A. Cash flows with substantial quantities of Treasury checks will be required to have the Treasury checks clear at an FRB. The affected agencies may require a variety of lockbox services including the capture and delivery of remittance detail. The QLP should be capable of meeting a requirement of providing remittance detail via automated means although it has not cleared the check. However, the specific requirements will be provided in the SOW.

O38. "Examine check and money order remittance for the following

conditions." Please confirm these business rules apply to "retail"

advances typically associated with "retail-type" accounts.

accounts? Applying these rules eliminates many of the automation

24

Section 4.4.1

A. The QLP can process using automated equipment and assume a level of risk should an item be challenged.

Q39. QLPs must process by the legal amount of the check, which is the written amount appearing on the check. What if courtesy and remittance amounts agree, but the written legal amount does not?

24 Section 4.4.1

A. The requirements in the IEI remain. An agency may specify a different requirement in an SOW.

Q40. This section suggests that the Bank make sure that the volume of incoming mail equals the deposited item count plus the number of unprocessed items. This is not something that can be accounted for as requested. Multiple checks can come in a single envelope. An envelope can also contain only correspondence. Additionally an envelope may contain an item or items some of which are processable and some that are not. An accounting of envelopes to checks and correspondence and non-processable checks is not practical. Will FMS amend this requirement?

25 Section 4.4.1

A. This requirement is intended to establish accounting for items at the QLP and items processed at the QLP. Due to circumstances such as multiple payments made with one check and correspondence with no associated remittance, "balancing" incoming and processed items is not required, but tracking these items is required. The IEI will be amended to reflect this change.

Q41. In this section, a statement is made that "Where possible, all data capture information is key verified." This is a very broad statement. How should this be interpreted? Is FMS asking that each field of data that is captured is key verified regardless of the type of data capture process utilized? Or, is FMS stating that if the data that is captured via a manual data entry process, should be key verified?

25 Section 4.4.1

A. Data keyed manually should be key-verified.

Q42. How does FMS expect to decide on PCC, in accordance to 31 CFR Part 210, when new requests for comments window expires after deadlines published in the IEI? At this date, 31 CFR Part 210 is in a "Request for Comment" status.

Section 4.4.1a

A. As stated in the IEI, the QLP must comply with Part 210 as amended from time to time.

Q43. What should the QLP do with the original remittance document after it is imaged and transmitted to CIRA? Should these be destroyed with the associated converted checks?

30 Section 4.4.1a

A. See "SPECIFICATIONS - PAPER CHECK CONVERSION LOCKBOX PROCESSING" DOCUMENT, Page 10, "RETENTION OF FILES AND DOCUMENTATION".

	30 Section 4.4.1a
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Q48. Lockbox processing does not accommodate Agency specific endorsements. This would disrupt an automated process, be very costly to manage and serves no real purpose. Will FMS agree to standard endorsement guarantees by the QLP? A. Yes.	33 Section 4.4.1a
• · · · · · · · · · · · · · · · · · · ·	34 Section 4.4.1a
Q50. All cash received shall be listed in a log. A copy of the log shall be forwarded to the agency monthly. The log shall include all available information and an indication of whether the cash was processed or unprocessable. Can this processing requirement be eliminated since it appears to have no value? Generic logs are maintained for any cash received. Specific agency logs will not be cost effective and will be expensive to produce. Will FMS amend this requirement?	34 Section 4.4.1a
A. No, FMS will not make this amendment. Agency specific cash logs must be maintained.	

Q51. When the Agencies convert to CLII (12/31/03), will the Banks still be required to mail the SF 215s and 5515s? A. Generally, QLPs will not be required to mail hard copies, however, Agencies may have such a requirement in an SOW.	36 Section 4.4.1b
Q52. Please describe the flow of funds, once a check payment is converted to an ACH credit using the PCC service. Where are the funds credited?	34 Section 4.4.1b
A. Once the paying account has been debited and funds have been credited to the Agency, a CA\$HLINK entry will be made on behalf of the Agency and an SF 215 Deposit Ticket will be made available to them so that they can properly verify the deposit has been made in CA\$HLINK. The funds are deposited with the Treasury.	
Q53. Can the QLP perform this process following one presentation? Should the agency SOW require such action? A. Presuming the question refers to paragraph 2.a. on page 35 of the IEI, the IEI requires QLPs to debit the demand deposit account for the total dollar amount of items not paid for any reason following second presentation or for those checks that cannot be recleared after the first presentation. An agency SOW may provide for a QLP to debit such account after first presentation, but that is not the general requirement stated in the IEI.	35 Section 4.4.1b
Q54. There is a note in this section that states "FMS reserves the right to accelerate the transfer of deposits to occur on the day of deposit." Since this moves uncollected funds, how should the cost of this be reflected in the pricing response? A. The IEI provides that funds will be transferred the day after deposit. There is no need to reflect the price for accelerated deposit transfers	36 Section 4.4.1b
occurring on the date of deposit, because that is not a requirement at this time. However, if this occurs, the bank will be able to report the related increase in uncollected funds in their monthly expenses.	
Q55. Will FMS approve alternatives to data tapes (i.e. CD's, CD-ROMs, DVDs, etc.)? A. Yes, alternatives to data tapes may be used if they meet agency requirements.	36 Section 4.4.1b
Q56. In some cases, a daily tape exchange with the agency may be necessary until data transmission requirements have been defined and testing has been completed. What kind of tape will be required? A. A daily tape exchange would be an interim solution only. The requirements for the tape exchange would be determined by the agency. It is important to note that data exchange can also be conducted via CD or	36 Section 4.4.1b
email in a flat file format.	1

Q57. The QLP shall provide any updated program documentation 37 necessary for testing annually, prior to Quality System Testing. Please Section 4.4.1b define in detail, Quality System Testing. A. This section refers specifically to the short term exchange of daily data tapes. This type of tape exchange is expected to be an interim solution only until electronic transmission methods have been established directly with the agency or through FMS. Quality Systems Testing is testing performed by the QLP and the Agency to reaffirm that the quality of the data on tapes exchanged between them meets the Agency's requirements. This testing is done annually. Q58. FMS will ask for price adjustments to reflect efficiencies. Please 38 provide examples of efficiencies impacting the QLPs. Section 4.4.1c A. For example, implementing one possible enhancement may result in a QLP making one consolidated report to FMS, instead of ten reports to ten different agencies. The increased efficiency resulting from a QLP producing nine fewer reports may merit a price decrease. See DFA, Sec. XVIII.B ("If the Financial Agent realizes a savings in the cost of required services as a result of the new procedures, operations, or changes such savings shall be reflected in a downward adjustment to the DFA Price Schedule."). Q59. Please be more specific on items number 2, 3 and 4, with respect to 38 receiving and sending files. Sending and receiving files implies a data Section 4.4.1d transmission process. However, this section suggests Internet access. A. A file transmission is a file transmission whether transmitted via the Internet or via tape or disk, or other means. Since Pay.gov is an internet portal it is anticipated that sending and receiving of required files under IEI, Sec. 4.4.1d would be via the internet, unless otherwise specified. Q60. Are there multiple files? Is there a file for each lockbox? Have 38 any of the file formats been specified vet. If so, will FMS provide Section 4.4.1d samples? What is the process to match Pay.gov filings with lockbox receipts? A. File formats and scheduling have not yet been defined. Once defined, FMS will provide format specifications. The process of matching Pay.gov filings with lockbox receipts has not yet been defined as it is

future functionality.

Q61. Will FMS consider/approve a process whereby the FRB "matches" on-line information filing with electronic data provided by the QLP data captured at the lockbox site? This of course would be contingent on the remitter providing the unique transaction identifier assigned by Pay.gov. A. Yes. FMS may provide the matching capability at a later date.	Section 4.4.1d
Q62. Is e-mail an acceptable form of notification?	39 Section 4.4.1e
A. Yes. Unencrypted email is acceptable if the notification does not include sensitive data.	Section 1.1.12
Q63. Quarterly reports are referenced. Have these been defined? If so, will FMS provide a sample? A. The Quarterly Report formats have not been finalized. FMS will provide samples when they are ready.	39 Section 4.4.1e
Q64. In regards to the PCC requirements for interfacing to the CIRA, are the TWAI detail interface control specifications available for review?	28 Section 4.4.1a
A. Appendix A of the "SPECIFICATIONS - PAPER CHECK CONVERSION LOCKBOX PROCESSING" DOCUMENT sets forth an accurate representation of the type and format of files which will be required for exchange with the PCC application. These formats are provided for illustrative purposes only and are subject to change. Therefore, they are not to be used for file development at this time. See also "SPECIFICATIONS - PAPER CHECK CONVERSION LOCKBOX PROCESSING" DOCUMENT, Page 5-6, "COMMUNICATIONS" AND "FILE FORMATS".	
Q65. What are the "published processing times"?	28 Section 4.4.1a
A. See "SPECIFICATIONS - PAPER CHECK CONVERSION LOCKBOX PROCESSING" DOCUMENT, APPENDIX F, Page 37, for the PCC processing timelines.	
Q66. What are the image format requirements (i.e., dpi, color, tif, jpeg, etc.)? A. The image file will be a delimited file. TIF is the preferred format, but all the following formats will be acceptable: TIF, GIF, JPEG, and KIF. See "SPECIFICATIONS - PAPER CHECK CONVERSION LOCKBOX PROCESSING" DOCUMENT, Page 6 "IMAGE FILES" for more information.	29 Section 4.4.1a
Q67. How does CIRA differ from the Imaging Enterprise Platform Concept? Are these one or the same?	28 Section 4.4.1a

A. As stated in the IEI, Sec. 4.4.1a.1, the Central Image and Research Archive (CIRA) is an on-line central repository for all PCC images and associated information operated by the Federal Reserve Banks within the Treasury Web Application Infrastructure. The Imaging Enterprise Platform referenced in IEI, Sec. 4.7 is a system platform FMS is planning to develop. This Platform differs from CIRA in that it will offer enhanced capabilities beyond that provided in CIRA. Additional information will be made available about the Imaging Enterprise Platform as it becomes available.

Q68. What does "configurable fields" mean?

30 Section 4.4.1a

A. "Configurable fields" means the fields containing agency specific remittance information. This is described in more detail in the "SPECIFICATIONS - PAPER CHECK CONVERSION LOCKBOX PROCESSING" DOCUMENT, Page 7, "REMITTANCE

INFORMATION FILES".

Q69. What types of transmission media are supported by FMS (T1, T3, etc.?) Does the system support transmission broken up into multiple packets for transmitting over multiple threads? Does the system support receiving more than one file at a time?

31

Section 4.4.1a

A. FMS applications residing in the TWAI, such as PCC, support T-1, T-3, VPN, as well a other transmission media. The system supports transmissions broken up into multiple packets for transmitting over multiple threads as available in Connect:Direct with Secure Plus Option. The PCC system also supports receiving more than one file at a time. See "SPECIFICATIONS - PAPER CHECK CONVERSION LOCKBOX PROCESSING" DOCUMENT, Page 5-6 for more information.

Q70. How many different transmissions are required daily? Is there a daily maximum number of transmissions per day? What are the transmission sizes per each? What are the deadlines for each transmission?

36 Section 4.4.1b

A. Deposit Report information can be submitted either via the CA\$HLINK II software which resides on a user's PC or via an electronic XML file transmitted to the CA\$HLINK II.

General rules for submitting deposit information via the electronic file include:

- The file must adhere to the deposit report XML DTD.
- The transmissions may occur at any time of day, but no more frequently than every fifteen minutes (this means a maximum of 96 transmissions per day). The number of deposit reports that may be submitted per transmission is unlimited. The response time varies roughly as a function of the total number of vouchers in an XML transmission (5 seconds per voucher is the norm).
- Software must be developed in the bank to parse the automatic response file that comes back from CA\$HLINK II, and a process must be in place to correct any errors. If there is one error in the file, the whole file is rejected. Errors are infrequent in production, however.
- The deadlines for transmission are the same as the FedWire and ACH reporting windows that apply to the online interface.

CA\$HI INK II currently accents electronic denosit reporting files from Fir

Q71. Internet Check Matching via Pay.gov • How many files per day? • What are FMS' requirements for unmatched items? • What are the file A. File formats and scheduling have not yet been defined. Once defined, FMS will provide format specifications. The process of matching Pay.gov filings with lockbox receipts has not yet been defined as it is future functionality.

Section 4.4.1d

Q72. Please confirm the ACH standard entry class that is currently used for PCC transactions and provide a sample of the file format.

Section 4.4.1a

A. ARC and CCD are the ACH standard entry classes that are currently used for PCC. ARC format is industry Standard. CCD format is in the separate document "SPECIFICATIONS - PAPER CHECK CONVERSION LOCKBOX PROCESSING". See CCD File Layout 5-2002.

Q73. Please provide an example of the type of data an agency may request, defining the number of fields and or keystrokes that would be associated with the desired data.

30 Section 4.4.1a

A. An agency may request data fields for account numbers, dollar amount or names, etc. The number of data fields and key strokes associated with the data fields can vary with agency requirements.

Q74. Please provide specific information regarding the preferred transmission methodology by lockbox type if there are different preferences.

30 Section 4.4.1a

A. All file communication will be via Connect:Direct with the secure plus option regardless of file size. See SPECIFICATIONS -- PAPER CHECK CONVERSION LOCKBOX PROCESSING DOCUMENT, Page 5, "COMMUNICATIONS". Q75. It is stated that the QLP may use their own equipment and 30 procedures to process. What are the options other than using your own Section 4.4.1a equipment? A. FMS prefers that the QLP use its own equipment that must conform to the PCC specifications set forth in the "SPECIFICATIONS - PAPER CHECK CONVERSION LOCKBOX PROCESSING" DOCUMENT, page 4. However, QLP's may use FMS' current system for a straightforward low volume cashflow (around 800 items a day per system). The QLP will be required to purchase all necessary hardware (estimated at \$1,500) and must provide Internet connectivity in order to use the FMS PCC system. FMS will not modify its software, apart from identifying the remittance fields, in support of a QLP's operations. Q76. Please provide an example of the desired CA\$HLINK II document, 35 with subtotals that are based on classification keys? Section 4.4.1b, 4.4.1a.2.4.b. A. The CA\$HLINK II document referred to here is the Standard Form (SF) 215 Deposit Ticket (prescribed by the Department of Treasury) and/ or the Standard Form 5515 Debit Voucher. For more information on the SF215, please see the Treasury Financial Manual, Volume I, Part 5 Chapter 3000. At this time, we cannot provide an example of this document with subtotals based on Classification Keys. We estimate the TFM to update this chapter will be available on the FMS Website in the near future. Q77. Please provide a listing of the transaction detail that should be 36 provided along with the file format and data transmission preferences. Section 4.4.1b A. The transaction detail will vary by each agency's requirements. This will be determined by the agencies. Q78. Please provide samples of the standard data formats that will be 38 required in the CRS reporting system. Section 4.4.1c

A. Standard data formats, in XML format, will be made available on or

about May, 2004.

Q79. How does the PCC process differ for ARC? Please provide samples of the file formats and transmission requirements desired for the PCC service. What is the format for transmitting images? Please provide exception processing specifications. Is there proprietary software that the QLP has to purchase and install? If this is necessary, please supply detailed information regarding the software and/or equipment. A. Items processed by QLPs will be processed using the ARC SEC Code. See SPECIFICATIONS - PAPER CHECK CONVERSION LOCKBOX PROCESSING", pages 5-6 and APPENDIX A, "FILE FORMATS". Also, see pages 4-5, "ITEM PROCESSING AT THE	38 Section 4.4.1d
Q80. Non-convertible items – Once in production, will FMS provide a file of non-convertible items? A. See "SPECIFICATIONS - PAPER CHECK CONVERSION LOCKBOX PROCESSING", pages 4-5, "ITEM PROCESSING AT THE LOCKBOX" for items not settled or non-convertible through PCC.	25 Section 4.4.1.a
Q81. PCC - What is the Fed's process for reconcilement and what is the QLP's role? A. See "SPECIFICATIONS - PAPER CHECK CONVERSION LOCKBOX PROCESSING", pages 8-9, "END OF DAY BALANCING" and "AVAILABILITY OF FINANCIAL REPORTS". Also, see APPENDIX C, "OUT OF BALANCE CONDITIONS AND CORRECTING PARTY" and APPENDIX G, "REPORTING AND BALANCING WITH CA\$HLINK".	29 Section 4.4.1a
Q82. Convertible Items: Please confirm that for eligible checks that are converted to ACH for clearing, the actual ACH presentment/clearing is done by the FRB and <i>not</i> by the QLP? How does the FRB get the information from the QLP? Does the QLP simply image the item and send it (and MICR information) to CIRA from which the ACH debit is created? A. Yes, ACH processing is performed by the FRB on those items listed in the "SPECIFICATIONS - PAPER CHECK CONVERSION DOCUMENT, Page 5 "ITEMS SETTLED THROUGH FRB-C". Other items are defined on Page 4-5 in the "ITEMS NOT SETTLED" AND "ITEMS SETTLED THROUGH THE FA" SECTIONS.	31 Section 4.4.1a #8
Q83. PCC - What will be correction process if QLP erroneously converts non-convertible item?	32 Section 4.4.1a

A. See "SPECIFICATIONS - PAPER CHECK CONVERSION LOCKBOX PROCESSING" DOCUMENT, Page 4-5, "ITEM PROCESSING AT THE LOCKBOX" for items not settled or non-convertible through PCC.

Q84. What is status and timing of CRS, CA\$HLINK II, and IEP. Who is working on these programs and what is their timing?

A. The CA\$HLINK II system owner is the Director of the Financial Services Division of Federal Finance, an Assistant Commissioner area within the Financial Management Service. CA\$HLINK II went operational for deposit reporting and bank management reporting on September 2, 2003. Federal Agencies are expected to be using CA\$HLINK II by no later than December 31, 2003. The implementation of the new CA\$HLINK II system, as well as system enhancements, is led by the Project Manager of the Enterprise Systems Division within the Applied Technology Group of Federal Finance. The CRS and IEP efforts are being managed by the Applied Technology Group and are scheduled for implementation in stages starting in October, 2004. The IEP will be a later stage completion.

34, 37, 43 Sections 4.4.1b,

Q85. How do we price for unspecified requirements? Once requirements are further defined, will QLPs be able to adjust pricing? (e.g. PCC, Pay.gov matching)

Section 4.4.1

A. TMA codes for current PCC processing requirements are provided in the IEI Pricing Templates. As noted in response to Pricing Question #2, financial institutions responding to the IEI are not required to include pricing proposals at this time for the cost of interfacing with pending systems, such as the CRS and Imaging Enterprise Platform Systems. This would apply to Pay.gov matching requirements as well, to the extent requirements are not specified in IEI, Sec. 4.4.1d. During the Phase II selection process, FMS may add TMA codes to be priced by competing and/or designated QLPs for the cost of providing services for pending systems which are operational at that time.

Q86. What is the process and criteria of matching Pay.gov with lockbox and what is the process for unmatched items? What does FMS forecast as volume projections for Pay.gov/Match items.

A. Internet Check matching via Pay.gov will be future functionality. Matching criteria and file formats have not yet been defined. FMS has not yet forecasted volume for Internet check matching.

38 Section 4.4.1d

Q87. How do we determine if a check received is associated with a Pay.gov submission? (We realize that we shall be informed when an agency is set up on Pay.gov so that the agency's lockbox may now receive Pay.gov-related checks. It is not clear how this is determined for a specific check, especially if the remitter includes remittance documentation with their check.) A. Internet Check matching via Pay.gov will be future functionality. Matching criteria has not yet been defined.	Section 4.4.1d
Q88. Can you please provide an example of the Classification Keys and subtotaling that may be required. If these are, for example based on a combination of GWA information, how will the lockbox bank know that information? A. See answer to Q46 above.	29 Section 4.4.1a
Q89. Could you further define the requirement that the QLP must provide the subtotal information to the PCC fiscal agent in such a way that it can be associated with the proper CA\$HLINK II document?	Section 4.4.1a
A. See "SPECIFICATIONS - PAPER CHECK CONVERSION LOCKBOX PROCESSING" DOCUMENT, Page 8-9, "END OF DAY BALANCING" AND, "AVAILABILITY OF FINANCIAL REPORTS". Also, see APPENDIX G, "REPORTING AND BALANCING WITH CA\$HLINK".	
Q90. How does the FRB create the ACH debit from the PCC check image or the transmitted imageis MICR line a part of scanning or transmission process? A. The FRB will use the MICR line data, obtained when scanning the physical source document, to create the ACH debit. The MICR line is captured as part of the scanning process and transmitted in the item file to the FRB for processing. See "SPECIFICATIONS - PAPER CHECK CONVERSION LOCKBOX PROCESSING" DOCUMENT, Page 7, "ITEM FILES".	30 Section 4.4.1a
Q91. How does the QLP reconcile the FRB SF215 with the converted total and how are discrepancies reported? A. See "SPECIFICATIONS - PAPER CHECK CONVERSION LOCKBOX PROCESSING" DOCUMENT, Page 8-9, "END OF DAY BALANCING" AND, "AVAILABILITY OF FINANCIAL REPORTS". Also, see APPENDIX G, "REPORTING AND BALANCING WITH CA\$HLINK".	31 Section 4.4.1a
Q92. For a PCC box, how will an agency be able to tie remittance documentation back to the PCC image of the check sent to the PCC system? How many lockboxes do you expect will use PCC?	31 Section 4.4.1a

A. The first question is answered in the "SPECIFICATIONS - PAPER CHECK CONVERSION LOCKBOX PROCESSING", APPENDIX B page 25 . FMS expects PCC to be used at all lockboxes if and when FMS, in agreement with the Agency, determines implementation to be in the best interest of the Government.	
Q93. For the back of a check to be captured on the electronic image, will that be required for all agency applications? Is it acceptable for the back of checks to be captured in the filming archive process but not for the electronic image? For some lockbox image products, the back of the check is still blank at the point in time that the lockbox image is captured and has nothing on it.	33 Section 4.4.1a
A. FMS Regulations require the front and back of the check to be imaged for all cashflows.	
Q94. Is ACR required for wholesale and specialized wholesale lockbox?	25 Section 4.4.1a
A. Yes, QLPs must provide Paper Check Conversion (PCC) services, known as Accounts Receivable Conversion in private industry, for wholesale and specialized wholesale cash flows, in addition to providing such services for retail cash flows.	
Q95. Is document imaging required on retail lockbox?	28 Section 4.4.1a
A. Document imaging may be required at a retail lockbox, based on the agency requirements. All QLPs must have the capability to image documents.	
Q96. Is there (or will there be) a requirement to image 8 ½ X 11 inch documents? Page 30e identifies a possible need to image remittance documents. Does this include customer correspondence? A. There may be a requirement to image 8 ½ X 11 documents including customer correspondence, based on the agency requirements.	30 Section 4.4.1a
Q97. May a QLP use its own equipment when processing low- or high-volume PCC cash flows, as long as the PCC transactions are formatted according to the PCC Specifications? A. See "SPECIFICATIONS - PAPER CHECK CONVERSION LOCKBOX PROCESSING" DOCUMENT, page 4 and the answer to Question 75.	28 Section 4.4.1a
Q98. Section 4.4.1b, Page 24 states "The cutoff time for today's work shall be included in each presentation, but generally not to be earlier than 2:00 local time". Is it possible that the cutoff times will be determined by each Federal Agency's SOW in phase II?	34 Section 4.4.1b

A. Yes, cutoff times may be determined by each Federal Agency's SOW.	
Q99. Can the QLP use the same data-com T-1 or T-3 lines, set up for transmission of PCC transactions sent to the CIRA at the Federal Reserve Bank of Cleveland for CRS data? Or will this require a new data-com line at a different location? A. Yes. This will all be in the TWAI.	37 Section 4.4.1c
Q100. If tapes may not be an output option from the current lockbox system, can other output options be explored? A. Yes.	37 Section 4.4.1c
Q101. Will Pay.gov filings and lockbox receipts always be matched on the same set of standard parameters? Please provide examples of those A. FMS will define a set of standard parameters against which receipts will be matched. Matching criteria has not yet been defined. See also answer to Q60.	38 Section 4.4.1d
Q102. Please provide the format of the 'quarterly customer service report'? Is there a TMA code under which this report is to be billed? A. There is no standard format for this report at this time. We envision this process as covered within the management of the account.	39 Section 4.4.1e
Q103. Please clarify what is meant by a quarterly review. Does it mean that the QLP must meet with the agency and review the work processed on their behalf, or does it mean that the QLP, internally, must review its work and measure and report on it to the agency and FMS?	39 Section 4.4.1e
A. In person discussion of the banks measured performance would be conducted on an as needed basis, during routine customer relationship contacts, and as part of FMS operational reviews. There is no standard format for quarterly reviews at this time.	
Q104. How many forms/remittance document types are there? Does the FMS have a standard recommended remittance form for Federal Agencies? A. Forms and other remittance documents are specific to the agency cash flow.	39 Section 4.4.2
Q105. Is the retail lockbox work in windowed envelopes? A. Although window envelopes are common, there is no standard return envelope across all retail lockbox work.	39 Section 4.4.2